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d/b/a ELCO Lighting, and ELCO Lighting Inc.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

DMF, Inc., a California corporation,
Plaintiff,

vs.

AMP Plus, Inc. d/b/a ELCO Lighting, a
California corporation; and

ELCO Lighting Inc., a California
corporation,

Defendants.

Case No. 2:18-CV-07090 CAS (GJSx)

Joint Rule 26(f) Report

1 Plaintiff DMF, Inc. (“DMF”) and Defendants AMP Plus, Inc. d/b/a ELCO
 2 Lighting, a California corporation (“ELCO”); and ELCO Lighting Inc. (“ELI”)
 3 (collectively, “Defendants”) respectfully submit the following Joint Report pursuant
 4 to Federal Rule of Civil Procedure 26(f).

5 a. Statement of the Case:

6 **DMF’s Statement:**

7 Because the Court is familiar with this case based on briefing relating to
 8 DMF’s preliminary injunction motion, DMF will only briefly summarize the case
 9 background here.

10 ***Defendants’ Patent Infringement***

11 Defendants)¹ copied DMF’s flagship, premium product, the DRD2 Module,
 12 and ELCO offered its knock-off as a commodity product at substantially lower
 13 prices to dealers who fulfill orders for the DRD2. ELCO named its DRD2 copy the
 14 “ELL Module.” ELCO has sold three versions of the ELL Module, dubbed by its
 15 counsel “Version 1” “Version 2” and “Version 3.” All three versions infringe the
 16 claims of DMF’s U.S. Patent No. 9,964,266 (“the ‘266 Patent”) entitled “Unified
 17 Driver and Light Source Assembly For Recessed Lighting.” ELCO also induces
 18 infringement as well as contributes to infringement of claims directed to the
 19 combination of the module with housings and trims used with the modules.

20 DMF is a specification-grade company and the DRD2 Module has received
 21 numerous prestigious industry awards, as a premium product available exclusively
 22 from DMF at a premium price. The DRD2 Module is frequently selected by
 23 lighting designers and other lighting specifiers in construction plans for building
 24 projects throughout the United States—i.e., the DRD2 Module is *specified* during
 25 the early *specification stage* of a building project. The sale of the DRD2 module
 26

27 ¹ DMF will take discovery regarding the activities of the “ELCO” entities that have
 28 been identified in Defendants’ marketing material and refers herein to both entities
 as “ELCO”.

1 typically occurs during the *construction stage* of the building project, which occurs
 2 months (or even a year or more) after the product has been *specified*; the
 3 construction stage is when a contractor orders the *specified* product from a
 4 distributor carrying the DRD2 Module.

5 ELCO is a commodity-grade supplier that competes on price instead of
 6 design. ELCO's President, Mr. Steve Cohen, stated in a May 2015 personal
 7 bankruptcy filing that ELCO was in danger of becoming obsolete because it did not
 8 have a strong presence in the competitive LED market:

9 While Elco Lighting has historically been a very profitable business,
 10 the Debtor believes its **future is uncertain** as a result of the fact that
 11 the government is in the process of requiring much of new
 12 construction and major remodeling in California to use High Efficacy
 13 lighting fixtures (LED). The LED light fixture business is very
 14 **competitive**. Elco Lighting **does not have a strong presence in that**
market, and it is **unclear whether Elco Lighting will be capable of**
obtaining a strong presence in that market. If Elco Lighting is not
 able to obtain a strong presence in the LED market, the **Elco Lighting**
business could be rendered obsolete." [emphasis added]

15 ELCO's solution to this imminent obsolescence was to copy DMF's market-proven
 16 DRD2 Module and offer it to DMF's distribution chain and others at substantial
 17 discounts, to fulfil the demand created by DMF's innovation and by the work of
 18 DMF's own sales professionals who promote the sale of DMF's products.

19 *Defendants' Trademark Infringement*

20 DMF is the owner of common law rights to the marks OneLED and
 21 ONEFRAME ("the One Marks") and, in addition to its common law rights, has
 22 been granted registered marks OneFrame, U.S. Reg. No. 5,032,463 and OneLED,
 23 U.S. Reg. No. 5,503,155.² DMF has used and uses its One Marks to help customers
 24

25 ² Registration No. 5,032,463 on the trademark ONEFRAME in Class 11,
 26 covers LED luminaires, lighting fixtures, recessed lighting fixtures, recessed ceiling
 27 and wall lights; recessed lighting components, namely, light housings, trims,
 28 fittings, and wiring, and in Class 9, covers junction boxes and wiring enclosures for
 use in connection with recessing lighting. DMF has used the ONEFRAME
 trademark since at least October 2015.

1 identify its LED lighting products, including in advertising and packaging used to
2 sell those products as part of DMF's overall branding efforts.

3 ELCO advertises, markets, offers to sell and sells its competing, knock-off
4 lighting products and accessories, *e.g.*, ELCO's Trim products, under the
5 confusingly similar and conceptually identical name "UNO," which is commonly
6 understood as the Spanish word for "ONE." These knock-off products are sold in
7 the same distribution channels as DMF's genuine lighting products sold by DMF
8 under its ONE Marks. DMF believes that ELCO did not use "UNO" or "ONE" to
9 sell LED modules until after ELCO decided to copy and sell knock-offs of DMF's
10 products that DMF sold using the One Marks.

11 By purposefully adopting a confusingly-similar name having the same
12 meaning to promote identical products to the same customers, and through the same
13 marketing channels, ELCO has caused a likelihood of confusion as to an affiliation,
14 connection or association between products sold under DMF's One Marks and
15 ELCO's UNO mark. ELCO's conduct is even more egregious and the likelihood of
16 confusion has been exacerbated because ELCO's copying extends not just to
17 DMF's protected trademarks, but to ELCO's deceptively similar copying of DMF's
18 products themselves, to DMF's marketing, including, for example, product images
19 in marketing materials.
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25 Registration No. 5,503,155 on DMF's trademark OneLED, in Class 11,
26 covers LED Lighting Modules; LED luminaires; lighting fixtures; recessed lighting
27 fixtures; recessed ceiling and wall lights; recessed lighting components, namely,
28 light housings, trims, fittings, and wiring, and in Class 9, covers junction boxes and
wiring enclosures for use in connection with recessed lighting. DMF has used the
OneLED trademark since at least January 2012.

1 ***Defendants' Other Acts Constituting Unfair Competition***

2 A known and prevalent practice in the LED lighting industry is a company
3 asking a manufacturer of one company's product to make a similar knock-off
4 product. Or, alternatively, both companies may knowingly purchase the same or
5 similar products made by the same manufacturer and label them under their own
6 separate brands.

7 DMF's DRD2 Modules were designed by DMF and are not manufactured for
8 any other companies. ELCO, however, has engaged in a scheme to cause confusion
9 in the marketplace regarding whether ELCO's ELL Modules are the same or
10 manufactured by the same company as DMF's products, and whether ELCO is the
11 company that introduced these products and established a track record of reliability
12 and quality control with respect to these products.

13 As part of this scheme, ELCO copied and sold knock-offs of DMF's DRD2
14 LED Module in competition with DMF to the same consumers or potential
15 consumers, using similar marketing materials, including in some cases images of
16 the products that are deceptively similar, and even a similar trademark "UNO,"
17 meaning "ONE," creating a likelihood that a significant number of consumers
18 would be misled into believing that the products come from the same manufacturer
19 and have the same track record and reputation for quality, reliability, customer
20 satisfaction and experience with manufacturing and quality testing, as described
21 above. After the filing of this lawsuit, DMF became aware of other evidence of
22 ELCO's scheme, including ELCO's falsely stating in one marketing
23 communication for the ELL Module that DMF was a "[n]ew comer to market" and
24 that DMF had improperly obtained a "fraudulent patent."

25 ***DMF's Claims***

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1 Based on Defendants' conduct, DMF's Complaint asserts the following
2 causes of action:

- 3 1. Direct patent infringement under 35 U.S.C. § 271(a)
- 4 2. Inducing patent infringement under 35 U.S.C. § 271(b)
- 5 3. Contributory patent infringement under 35 U.S.C. § 271(c)
- 6 4. Patent infringement under 35 U.S.C. § 271(f)
- 7 5. Infringement of One Marks (OneLED and OneFrame) and Unfair
8 Competition (15 U.S.C. § 1114 and 1125(a))
- 9 6. Infringement of One Marks (Trademark Infringement) Under California
10 Law
- 11 7. Violation of California Business & Professions Code §17200 and
12 Common Law Unfair Competition

13 Defendants, in their Amended Answer and Counterclaims, have raised a first
14 counterclaim of non-infringement and a second counterclaim of patent invalidity
15 based on anticipation and obviousness. *See* Dkt. 18 at 18-28.

16 **Defendants' Statement**

17 Defendants have not infringed, and are not infringing, DMF's '266 Patent.
18 ELI does not sell any lighting products, let alone the (wrongly) accused ELL
19 modules and other products. Elco stopped selling its version 1 design of ELL
20 modules in September 2018, shortly after DMF filed suit. Elco's version 2 design
21 ELL module avoids the '266 Patent because the light source for the ELL is closer to
22 the open front face of the unitized casting than the closed rear face — just the
23 opposite of a limitation DMF placed on what is claimed in the '266 Patent. This
24 feature avoids all claims asserted by DMF. Elco's version 3 design ELL module
25 likewise does not infringe the '266 Patent.

26 Furthermore, DMF's '266 Patent is vulnerable to being invalidated based on
27 a plethora of prior art references, each of which, and in combination with each
28 other, anticipate and/or render obvious the '266 claims. The '266 Patent is

1 vulnerable to being invalidated also because it improperly mixes classes of claims
2 together into single claims and thus is impermissibly indefinite.

3 In addition, even if the '266 Patent were valid (and it is not) and Defendants
4 were infringing it (and they are not), DMF is not entitled to any recovery because it
5 has unclean hands based on DMF's deceptive marketing of its OneFrame system
6 and DRD2 product.

7 DMF's trademark claim has no merit. Elco's use of "UNO" to market its
8 compact recessed lighting products does not infringe DMF's OneLED and
9 OneFrame marks. The DMF marks are not similar to "UNO", and there is no
10 likelihood of confusion between DMF's marks and Elco's "UNO." DMF's mark
11 does not cover "UNO", or for that matter, any other Spanish word.

12 For the above reasons, DMF's unfair competition claim has no merit either.

13 **b. Manual for Complex Litigation**

14 The parties agree that the procedures of the Manual for Complex Litigation
15 are not applicable to this case.

16 **c. Discovery Plan:**

17 The parties agree to exchange Rule 26(a)(1) disclosures on January 14, 2019.

18 The parties agree to a proposed schedule for fact discovery and other major
19 events in the case as proposed below.

20 **i. Discovery Cut-off:**

21 The parties propose:

- 22 1. a fact discovery cutoff date of October 1, 2019;
- 23 2. an expert discovery cutoff date of August 28, 2019;
- 24 3. the parties will serve expert reports on issues on which they bear
- 25 the burden by June 27, 2019, rebuttal reports by July 15, 2019, and
- 26 reply reports by July 28, 2019.

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2 **ii. Identification of Infringement Contentions, Invalidity**
3 **Contentions, and Claim Construction Positions:**

4 The parties agree to exchange infringement and invalidity contentions as
5 follows, by adopting in part Patent Local Rules 3-1 and 3-3 of the Local Patent
6 Rules developed by the District Court for the Northern District of California, as
7 follows:

- 8 a. DMF will identify its asserted patent claims by February 5, 2018.
9 b. DMF will identify, in response to an interrogatory to be served by
10 Defendants, its infringement contentions by February 15, 2018.
11 c. Defendants ELCO will identify, in response to an interrogatory to be
12 served by DMF, their invalidity contentions as to each asserted patent
13 claim by February 15, 2018.
14 d. The parties may supplement their respective infringement and
15 invalidity contentions with leave of Court, based on a showing of good
16 cause under Patent Local Rule 3-6 of the Northern District of
17 California Patent Local Rules.³
18 e. The parties will exchange claim terms to be construed and proposed
19 constructions by March 1, 2019. The parties will then meet and
20 confer to reach agreement where possible. By March 26, 2019, the
21 parties will exchange claim construction briefs limited to 25 pages
22 identifying their respective claim construction positions. By April 5,
23 2019, the parties will exchange rebuttal briefs limited to 25 pages
24

25 ³ The Parties will use interrogatories to obtain ELCO's response to DMF's
26 infringement positions and DMF's responses to ELCO's invalidity
27 positions; unless otherwise agreed upon by the Parties, those non-
28 infringement/invalidity responses will be exchanged simultaneously no
sooner than 14 days, and no later than 30 days, after service of the
infringement/invalidity positions.

1 identifying their response to these claim construction positions. By
2 April 19, 2009, the parties will prepare a Joint Claim Construction
3 Chart that includes:

- 4 i. The construction of those terms on which the parties agree.
- 5 ii. Each party's proposed construction of each disputed term,
6 together with an identification of all references from the
7 specification or prosecution history that support that
8 construction, and an identification of any extrinsic evidence
9 known to the party on which it intends to rely either to support
10 its proposed construction or to oppose any other party's
11 proposed construction, including, but not limited to, as permitted
12 by law, dictionary definitions, citations to learned treatises and
13 prior art, and expected testimony of percipient and expert
14 witnesses.
- 15 iii. The Joint Claim Construction Chart will be used by the parties
16 for purposes of preparing expert reports in light of their differing
17 claim constructions. The parties will request that the Court
18 resolve their claim construction disputes as identified in the
19 Joint Claim Construction Chart in connection with summary
20 judgment motions of infringement and invalidity, or, in the
21 event that such motions are not filed, in connection with
22 proposed Jury Instructions on the meaning of the claims.

23 **iii. Dispositive Motions:**

24 **DMF's Statement:**

25 DMF intends to file a motion for summary judgment and may seek leave for
26 more than 25 pages in order to address both issues of infringement and invalidity in
27 the same brief.

28 **Defendants' Statement:**

1 ELCO intends to file a petition for either post grant review (“PGR”) or inter
 2 partes review (“IPR”) with the United States Patent and Trademark Office
 3 (“USPTO”), challenging the validity of the ‘266 Patent on a variety of grounds.
 4 ELCO intends to file this petition as soon as possible. Once ELCO files the PGR or
 5 IPR petition, it intends to file a motion with this Court to stay this action pending a
 6 ruling by the USPTO on the invalidity of the ‘266 Patent.

7 If this Court does not stay the action and the case proceeds, ELCO and ELI
 8 each intends to file a motion for summary judgment and may seek leave for more
 9 than 25 pages in order to address both issues of infringement and invalidity in the
 10 same brief.

11
 12 **iv. Amendment of Pleadings:**

13 **Parties’ Joint Statement:**

14 The parties agree on a deadline of March 1, 2019 for the amendment of
 15 pleadings or joinder of additional parties.

16 **DMF’s Statement:**

17 DMF is considering an amendment to its unfair competition claims to state
 18 that it seeks damages in addition to injunctive relief for certain acts of unfair
 19 competition other than for trademark infringement. In particular, Count V currently
 20 seeks injunctive relief based on California Business & Professions Code § 17200.
 21 DMF is investigating a potential amendment to seek damages under the Lanham
 22 Act for Defendants’ unfair competition, including based on a recent communication
 23 alleging that DMF is a “new comer” that obtained a “fraudulent patent.”

24 **Defendants’ Statement:**

25 Defendants intend to seek leave to amend its Answer and Counterclaim to
 26 allege additional affirmative defenses, including the defense of unclean hands and
 27 indefiniteness of certain claims of the ‘266 Patent.

28 **d. Discovery Rules:**

The parties agree that there should be no departure from the Federal Rules of Civil Procedure in the number of interrogatories or depositions, except that:

- (1) the parties' interrogatories directed to infringement and invalidity positions should count as a single interrogatory, even if it requires responding based on multiple claims, products, prior art references and their combinations;
- (2) each side (i.e., both Defendants as one side and DMF as the other side) should be allowed 100 requests for admission total, as well as unlimited requests for admission for the purpose of authenticating documents and/or establishing the admissibility of documents;
- (3) One 30(b)(6) deposition per side (with 7 hours allotted to each witness designated for a topic) and only 25 interrogatories per side.

e. Deadlines: The parties propose the following deadlines:

Matter	Plaintiff's Proposal	Defendants' Proposal	Court Order
Rule 26(a) Initial Disclosures	January 16, 2019		
DMF Identification of Asserted Claims	February 5, 2019		
Parties Exchange Infringement and Invalidity Contentions In Response To Interrogatories	February 15, 2019		
Parties Exchange Claim Terms To Be Construed	March 1, 2019		
Parties Exchange Claim Construction Briefs	March 26, 2019		

Parties Serve Rebuttal Claim Construction Briefs	April 5, 2019		
Parties Prepare Joint Claim Construction Chart	April 29, 2019		
Expert Reports Served On Issues On Which Party Bears Burden	June 27, 2019		
Rebuttal Expert Reports Served	July 15, 2019		
Reply Expert Reports Served	July 28, 2019		
Expert Discovery Cutoff	August 28, 2019		
Fact Discovery Cutoff	September 16, 2019		
Last day for filing dispositive motions	September 23, 2019		
Pretrial Conference	November 4, 2019		
Trial	December 9, 2019		

f. Settlement/Alternative Dispute Resolution (ADR):

Parties' Joint Statement:

The parties discussed settlement at the outset of the case. The parties both would prefer mediation through a Magistrate Judge if the Court permits this procedure and, in the alternative, will proceed through private mediation.

DMF's Statement:

DMF believes that mediation will not be productive until the parties have exchanged infringement and invalidity contentions and until Defendant's CEO or any other person directing the business of Defendants has been deposed.

Defendants' Statement:

Defendants believe that mediation will not be productive until the parties have exchanged infringement and invalidity contentions and until Michael Danesh has been deposed.

g. Trial estimate:

The parties estimate a trial of 7-10 days.

h. Privilege Logs:

The parties agree that privileged communications after the filing of the Complaint do not need to be logged on a privilege log except for any communications relating to an opinion of counsel relied on either as a defense to willful infringement or as a defense to liability for induced or contributory infringement.

i. ESI:

a. Document format:

The parties agree that electronically stored information ("ESI") should be produced as single page tiff documents with multi-page text.

b. Native files:

The parties further agree that documents that do not render to tiff format well (e.g., xls, slsx, avi, mp3, etc.) should be produced in native format.

c. Load files:

The parties agree to produce Concordance load files (dat/opt).

d. Metadata fields:

The parties will provide the following metadata information:

BegDoc -> Beginning document number

EndDoc -> Ending document number

1 FILEEXT -> Extension of document. .xls.doc.ppt ect.
 2 APPLICAT -> Application used to create file
 3 BEGATTCH -> Beginning document number for document and attachments
 4 ENDATTCH -> Ending document number for document and attachments
 5 NUMATTCH -> Number of attachments
 6 ATTRANGE -> Attachment document range
 7 DATESENT -> Date email is sent
 8 DATERCVD -> Date email is received
 9 TIMESENT -> Time email is sent
 10 TIMERCVD -> Time email is received
 11 DATEMOD -> Date document is modified
 12 TIMEMOD -> Time document is modified
 13 DATESVD -> Date document is last saved
 14 TIMESVD -> Time document is last saved
 15 DATEACCD -> Date document is last accessed
 16 TIMEACCD -> Time document is last accessed
 17 DATECRTD -> Date document is created
 18 TIMECRTD -> Time documents is created
 19 FILENAME
 20 MSGID -> Email unique identification number
 21 MD5HASH -> Document unique identification number
 22 DOCTYPE -> Email, eDoc, Attachment
 23 FOLDER -> Email or Document folder location
 24 TO -> Email recipient(s)
 25 FROM -> Email sender
 26 CC -> Email carbon copied recipient(s)
 27 BCC -> Email blind carbon copied recipient(s)
 28 SUBJECT -> Email Subject
 AUTHOR -> Document creator
 DOCTITLE -> Title of the document
 PGCOUNT -> Number of pages
 CUSTODIN ->
 DOCLINK -> Path to native documents
 EXTRACTED TEXT -> Path to text Files
 REDACTION -> Verifies if a document has a redaction
 CONFIDENTIAL -> Verifies designation

e. Global de-duplication of ESI:

The parties shall make reasonable attempts to de-duplicate ESI before producing it to avoid substantially duplicative productions.

1 **f. Locations That Will Not Be Searched For Responsive**
2 **Documents:**

3 The parties agree to meet and confer regarding limiting discovery based on
4 principles of proportionality and to limit initial discovery of emails to seven key
5 custodians per side so that they can determine the facts of the case and decide how
6 to effectively and efficiently conduct subsequent email discovery that may be
7 necessary upon a showing of exceptional circumstances.

8
9 Respectfully submitted,

10 DAVIDSON LAW GROUP, ALC

BRYAN CAVE LEIGHTON PAISNER
LLP

11
12 By: /s/ Ben M. Davidson
13 Ben M. Davidson, Esq.

By: /s/ Robert Boone (by
permission)
Robert E. Boone III

14 Attorneys for Plaintiff
15 DMF, Inc.

Attorneys for Defendants
AMP Plus, Inc. d/b/a ELCO Lighting
and ELCO Lighting, Inc.

16 Date January 9, 2019

Date January 9, 2019

CERTIFICATION PURSUANT TO LOCAL RULE 5-4.3.4(A)(2)(I)

Pursuant to Local Rule 5-4.3.4(A)(2)(i), I hereby certify that the content of this document is acceptable to Robert Boone, counsel for Defendants, and I have obtained his authorization to affix his electronic signature to this document.

DAVIDSON LAW GROUP, ALC

By: /s/ Ben M. Davidson
Ben M. Davidson, Esq.

Attorneys for Plaintiff
DMF, Inc.

Date: January 9, 2019